

Assembly Concurrent Resolution

No. 147

Introduced by Assembly Members Lieu and Niello

March 22, 2010

Assembly Concurrent Resolution No. 147—Relative to Financial Aid and Literacy Month.

LEGISLATIVE COUNSEL'S DIGEST

ACR 147, as introduced, Lieu. Financial Aid and Literacy Month.

This measure would declare April 2010 as Financial Aid and Literacy Month to raise public awareness about the need for increased financial literacy.

Fiscal committee: no.

- 1 WHEREAS, Over 630,000 California homeowners faced losing
- 2 their homes through foreclosure in 2009, an increase of nearly 21
- 3 percent from 2008, and many of these homeowners were unaware
- 4 of the risks associated with their specific mortgage loan; and
- 5 WHEREAS, Current mortgage disclosures convey key
- 6 information to consumers that is often confusing, misunderstood,
- 7 and may contribute to information problems in the mortgage
- 8 market; and
- 9 WHEREAS, The average outstanding credit debt for households
- 10 that have a credit card was \$10,679 at the end of 2008; and
- 11 WHEREAS, Over one-third of young adults own credit cards,
- 12 and young people receive little in the way of financial education;
- 13 and
- 14 WHEREAS, Nearly one-third of college students put tuition
- 15 fees on their credit cards, an increase from 24 percent in 2004; and

1 WHEREAS, As students progress through school, credit card
2 usage increases. Ninety-two percent of final-year college students
3 have a credit card compared to 42 percent of freshmen. Fifty-six
4 percent of final-year students carry four or more cards, and 74
5 percent of undergraduates use credit cards for school supplies; and

6 WHEREAS, Eighty-four percent of undergraduate college
7 students carried at least one credit card in 2008, up from 76 percent
8 in 2004; and

9 WHEREAS, In 2008, college seniors with at least one credit
10 card graduated with an average of \$4,138 in credit card debt, up
11 44 percent from 2004, and first year students' average credit card
12 debt jumped 27 percent to \$2,038; and

13 WHEREAS, Eighty-four percent of undergraduates indicated
14 in a recent Sallie Mae survey that they need more education on
15 financial management topics; and

16 WHEREAS, The share of families with any type of debt climbed
17 to 77 percent during the period of 2004 through 2007, and the
18 largest increase was for families headed by persons 75 years of
19 age or older; and

20 WHEREAS, A large majority of workers who have not put
21 money aside for retirement have little in savings at all, and seven
22 in 10 of these workers say their assets total less than \$10,000; and

23 WHEREAS, The median amount in retirement accounts is
24 \$2,000; and

25 WHEREAS, The savings rate for American consumers is only
26 4 percent; and

27 WHEREAS, Only 41 percent of workers indicate they or their
28 spouses currently have a defined benefit pension plan, yet 59
29 percent say they are expecting to receive income from such a plan
30 during retirement; and

31 WHEREAS, According to an Oppenheimer Funds retirement
32 survey, 98 percent of retirees that were surveyed regret how they
33 spent their money before retiring, and 97 percent of baby boomers
34 share this regret and are uncomfortable with how much they have
35 accumulated during their preretirement years; and

36 WHEREAS, The percentage of workers who are very confident
37 about having sufficient financial resources for a comfortable
38 retirement fell from 27 percent in 2007 to 18 percent in 2008; and

1 WHEREAS, One in five Americans reported using nonbank
2 loan methods such as payday loans or cash advances in the last
3 five years; and

4 WHEREAS, The national unemployment rate climbed to 9.7
5 percent in February of this year; and

6 WHEREAS, High school seniors taking part in a national survey
7 of financial knowledge scored an average of 48.3 percent, a failing
8 grade; and

9 WHEREAS, Increasing the financial literacy of all economic
10 and ethnic groups is documented to increase consumer confidence,
11 lead to improved decisionmaking, and provide for a more secure
12 future for the individuals and their families who have been educated
13 in these issues; and

14 WHEREAS, In recognition of the importance of teaching
15 financial literacy, the number of states that require high school
16 students to take a personal finance course has increased from seven
17 in 2007 to 13 in 2009; and

18 WHEREAS, Many groups are dedicated to increasing the
19 financial literacy of Americans and a broad range of quality
20 personal finance materials and curricula have been created for this
21 purpose, but audiences to which this information is vital are not
22 being reached; and

23 WHEREAS, Financial literacy training may easily be integrated
24 as a valuable component for elementary and secondary schools,
25 colleges and universities, libraries, community groups, and citizen
26 town hall meetings; now, therefore, be it

27 *Resolved by the Assembly of the State of California, the Senate*
28 *thereof concurring*, That the Legislature hereby declares April
29 2010 as Financial Aid and Literacy Month to raise public awareness
30 about the need for increased financial literacy; and be it further

31 *Resolved*, That legislators, employers, schools, service groups,
32 community organizations, libraries, financial institutions, and the
33 media be encouraged to provide opportunities for financial literacy
34 education for all Californians through a variety of means and to
35 collaborate with members of the California Society of Certified
36 Public Accountants, the California Jump\$tart Coalition, and others
37 as they provide outreach and education; and be it further

- 1 *Resolved*, That the Chief Clerk of the Assembly transmit copies
- 2 of this resolution to the author for appropriate distribution.

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